

## **Tax Court small tax case procedures**

Dear Reader:

You probably are not too happy about having to go through the rigors of the tax audit that is currently being conducted by the Internal Revenue Service. I am hopeful that the audit can be completed in a favorable manner without undue delay. However, I want you to be aware of a procedure that is available if we are unable to satisfactorily conclude the IRS audit and need to go to court.

A special small tax case procedure is available in the Tax Court for taxpayers in situations like yours. The advantage of the small tax case procedure to you (as a taxpayer) is that the case is usually heard by a special trial judge who conducts the trial in a relatively informal manner and generally resolves the issues in an expeditious manner. Neither briefs nor oral arguments are required and strict rules of evidence are not applied. Taxpayers can represent themselves in small tax cases, although it generally makes sense to be represented by a tax professional who is admitted to practice before the Tax Court. Decisions in a case conducted under small case procedures can't be appealed.

The small tax case procedure is available, in income tax cases, for any tax year where the portion of the tax deficiency determined by IRS that you are contesting doesn't exceed \$50,000 and any countering tax refund due to an overpayment claimed by you for that year doesn't exceed \$50,000. For estate, gift and certain excise taxes, the time period for which the \$50,000 test is applied varies depending on which type of tax is involved.

A proceeding may also be conducted under the small tax case procedure if the case involves a Tax Court petition under innocent spouse rules where the relief sought does not exceed \$50,000, an appeal to the Tax Court of a pre-levy Collection Due Process hearing determination in which the unpaid tax does not exceed \$50,000, or a determination of employment status (independent contractor or employee) where the employment taxes (social security and withholding taxes) placed in dispute for each calendar quarter amount to \$50,000 or less.

If you would like more details about the small tax case procedures or information about the other post-audit options that are available, please do not hesitate to call.

